

## Message Text

CONFIDENTIAL

PAGE 01 BRUSSE 00659 01 OF 02 121253Z  
ACTION STR-06

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 STRE-00 SSO-00  
NSCE-00 USIE-00 INRE-00 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07 INT-05  
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15  
ITC-01 TRSE-00 PRS-01 SP-02 SOE-02 OMB-01 DOE-11  
AF-10 ARA-10 NEA-10 OIC-02 /145 W  
-----128070 121303Z /44

O 121246Z JAN 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC IMMEDIATE 4205  
INFO ALL EC CAPITALS  
AMEMBASSY TOKYO  
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 00659

USEEC

DEPARTMENT PASS STR ELECTRONICALLY  
GENEVA FOR USMTN

E.O.11652:GDS  
TAGS: ETRD, EEC  
SUBJECT: MTN

REFS: (A) BRUSSELS 534, (B) BRUSSELS 525,  
(C) BRUSSELS 590

1. FURTHER CONVERSATIONS WITH MEMBER STATE SOURCES  
JANUARY 11 GENERALLY CONFIRM REPORTS OF ARTICLE 113  
HIGH LEVEL COMMITTEE MEETING ON JANUARY 10 REPORTED IN  
REFTEL A AND C. SOURCES TELL US THAT DISCUSSION FOCUSED  
LARGELY ON TWO SETS OF QUESTIONS: 1) FINALIZING OFFERS  
ON SPECIFIC AGRICULTURE AND NON-TARIFF MEASURES AND  
2) THE GENERAL POLITICAL APPROACH TO THE MTN, INCLUDING  
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PAGE 02 BRUSSE 00659 01 OF 02 121253Z

THE TARIFF FORMULA.

2. ON POLITICAL QUESTIONS, UK DEL TELLS US THAT THE  
COMMISSION IS SEEKING TWO DECISIONS AT THE JANUARY 17  
COUNCIL. THE FIRST OF THESE WOULD BE A GENERAL  
EXPRESSION THAT THE EC IS READY TO ENTER THE SUBSTANTIVE  
PHASE OF NEGOTIATIONS. ALL DELS WITH WHOM WE HAVE

SPOKEN INDICATE THAT THERE IS NO SIGNIFICANT MAJOR OPPOSITION ON THIS POINT AND THAT THE COUNCIL IS EXPECTED TO MAKE SUCH A PRONOUNCEMENT NEXT WEEK. UK DEL ADDED THAT COMMISSION STRATEGY, ABLY DEFENDED SO FAR BY SIR ROY DENMAN, IS TO KEEP MEMBER STATES AWAY FROM GIVING COMMISSION ADDITIONAL INSTRUCTIONS ON THE VARIOUS AREAS OF THE NEGOTIATIONS COVERED BY THE TEXTS CIRCULATED IN GENEVA SO AS TO MAINTAIN COMMISSION NEGOTIATING FLEXIBILITY. THE SECOND POLITICAL DECISION THE COMMISSION SEEKS IS A COUNCIL EXPRESSION OF WILLINGNESS TO TABLE AN INITIAL EC OFFER ON INDUSTRIAL TARIFFS ON THE BASIS OF A 40 PERCENT REDUCTION. OUR SOURCES IN MEMBER STATE DELS AND COMMISSION AGREE THAT ONLY THE FRENCH EXPRESSED A PROBLEM WITH THIS REQUEST. THE FRENCH SUGGESTED INSTEAD THAT THE EC MIGHT AVOID SPECIFICITY ON TARIFF REDUCTIONS AT THIS POINT. AN ITALIAN SOURCE SAID THE FRENCH QUESTIONED WHETHER IT WOULD BE USEFUL TO BE PRECISE ON TARIFF REDUCTIONS NOW OR WHETHER TO WAIT FOR SOME MONTHS. THIS SOURCE CHARACTERIZED THE FRENCH PROBLEM, AS EXPRESSED AT THE JANUARY 10 MEETING, AS ONE OF TIMING. HE SAID THAT WHILE ITALY HAS SOME SYMPATHY WITH THE FRENCH VIEW IT WOULD NOT OPPOSE A PRECISE COMMUNITY OFFER IF THE OTHER MAJOR PARTICIPANTS WERE GOING TO TABLE PRECISE OFFERS NEXT WEEK. MISSION OFFICER AND HE AGREED THAT THIS WAS IN FACT WHAT WAS LIKELY TO HAPPEN AND SOURCE ADDED THAT, IN THIS CASE, ITALIANS WOULD NOT SUPPORT

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PAGE 03 BRUSSE 00659 01 OF 02 121253Z

FRENCH IN THE COUNCIL. A GERMAN SOURCE TOLD US THAT THERE WAS SOME BELGIAN SUPPORT FOR THE FRENCH POSITION IN THE JANUARY 10 MEETING BUT COMMISSION AND OTHER MEMBER STATE SOURCES DO NOT SEEM TO SEE THE BELGIANS AS A PROBLEM. BELGIAN SOURCE TOLD MISSION OFFICER THAT ONLY FRENCH HAD RAISED PROBLEM WITH TARIFF FORMULA ON JANUARY 10 AND THAT HE EXPECTED FRENCH WOULD BE ISOLATED IN THE COUNCIL.

3. ON DISCUSSION OF SPECIFIC OFFERS, COMMISSION AND MEMBER STATES HAVE BEEN ATTEMPTING, IN A NUMBER OF WORKING LEVEL ARTICLE 113 COMMITTEE MEETINGS SINCE JANUARY 6, TO REACH A COMMON POSITION. HIGH LEVEL MEETING ON JANUARY 10 SUPPOSEDLY REACHED NEAR AGREEMENT ON NON-TARIFF MEASURES. ALTHOUGH WE LACK DETAIL ON SUBSTANCE OF DEBATE, WE GATHER THAT GENERAL DISCUSSION INVOLVED AN EFFORT TO LIFT INDUSTRIAL MEMBER STATE RESERVATIONS ON SPECIFIC ITEMS. SEVERAL SOURCES TOLD US THAT, IN THE PROCESS, THE COMMISSION PROPOSAL ON NON-TARIFF MEASURES WAS WHITTLED DOWN. ONE SOURCE ASSURED US THAT ITEMS REMOVED FROM THE ORIGINAL COMMISSION OFFER WERE OF LITTLE OR NO INTEREST TO U.S.

AND WERE LARGELY CONCERNED WITH COMMISSION PROPOSALS TO LIBERALIZE QUANTITATIVE RESTRICTIONS TOWARD JAPAN AND OTHERS WHICH ARE STILL MAINTAINED BY A NUMBER OF MEMBER STATES.

4. ON AGRICULTURE, THE JANUARY 10 MEETING ENDED WITHOUT RESOLVING MEMBER STATE PROBLEMS. A DEPUTY'S MEETING ON JANUARY 13 MAY RESULT IN REMOVING FURTHER RESERVATIONS BUT MOST GUESSES ARE THAT THERE WILL NEED TO BE SOME DISCUSSION AT COUNCIL LEVEL NEXT WEEK. UK SOURCE DESCRIBED INITIAL LIST AS PROBABLY DISAPPOINTING TO U.S. BUT AS NONETHELESS HAVING SOME SUBSTANCE. HE THOUGHT THERE WAS STILL HOPE THAT INTERNAL COMMUNITY DISCUSSION WOULD RESULT IN A REASONABLY CREDIBLE LIST. ALTHOUGH

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PAGE 01 BRUSSE 00659 02 OF 02 121254Z  
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C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 00659

USEEC

DEPT PASS STR ELECTRONICALLY  
GENEVA FOR USMTN

BENELUX COUNTRIES HAVE MAINTAINED WHAT A UK SOURCE DESCRIBED AS RESERVATION OF PRINCIPLE ON CERTAIN COMMISSION PROPOSALS WHICH THEY FEEL WOULD INFRINGE ON THE CAP, ALL SOURCES IDENTIFY THE ITALIANS AS THE MAJOR PROBLEM. ITALIAN DELEGATION SOURCE IN FACT CONFIRMED THIS TO MISSION. HE STATED U.S. MISSION COULD IMAGINE WHICH PRODUCTS ARE INVOLVED AND THEN CITED

FRUIT JUICE. HE SAID ITALIAN PROBLEM HERE IS THAT EC HAS ALREADY GRANTED CONCESSIONS TO MEDITERRANEAN COUNTRIES ON FRUIT JUICE AND ITALIAN GOVERNMENT FEARS THAT A CONCESSION IN THE MTN WOULD LEAD TO A REQUEST FOR COMPENSATION FOR MEDITERRANEAN COUNTRIES. HE ADDED THAT IN THE PRESENT POLITICAL SITUATION IN ITALY IT IS NOT EASY TO DISCUSS ANY CONCESSIONS WHICH WILL  
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PAGE 02 BRUSSE 00659 02 OF 02 121254Z

BE CONTROVERSIAL. HE EXPRESSED SOME HOPE THAT FURTHER PROGRESS MIGHT BE MADE IN THE JANUARY 13 MEETING BUT SAID THAT, IN GENERAL, THE ITALIAN GOVERNMENT WILL NEED TO MAINTAIN A FIRM POSITION THAT THE EC CANNOT OFFER CONCESSIONS ON AGRICULTURE WHICH LARGELY IMPACT ON ITALIAN PRODUCTION WITHOUT OBTAINING AT THE SAME TIME SOMETHING OF INTEREST TO ITALY. HINTON

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## Message Attributes

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Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014